

SUBJECT: Solid waste resource recovery systems

COMMITTEE: Health Services: favorable, without amendment

VOTE: 5 ayes--Ezzell, Untermeyer, Whitehead, Grubbs, Simpson
0 nay
0 present, not voting
4 absent--Barrientos, Gonzales, Uribe, Webber

SENATE VOTE: 31 ayes, 0 nay

WITNESSES: NONE

DIGEST: This bill specifies procedures for the financing of solid waste resource recovery systems. An authority or district authorized by law to own a waste disposal system may issue tax-exempt revenue bonds or notes for the acquisition or construction of a solid waste resource recovery system. Bonds or notes will be secured by a pledge of the proceeds from leasing the system or selling it by installment payments. Bond or note payments may also be made out of the proceeds of the bonds or by various other means determined by the governing body of the authority.

All public agencies are authorized to enter into long-term contracts for the supply, collection, transportation, and disposal of solid waste at a solid waste resource recovery system. A public agency may pledge any available revenues or resources, including tax revenues, for the payment of amounts due under a contract. The contract may specify that it is to remain in effect until all bonds or notes, including refunding bonds or notes, issued to finance the system are paid in full. The provisions of this bill supercede home-rule city charter provisions.

PRO: Texas is not currently involved in solid waste recovery. Recovering solid waste and converting it into energy and other resources can be a viable alternative to landfill. With solid waste processing technology, waste may be converted into electricity, steam, other forms of energy, and various other useful products. A solid waste recovery and conversion system will protect the environment, conserve resources and use them more efficiently, and increase energy production. This bill creates a practical method for financing such a system.

CON:

It is vital that we develop solid waste recovery and conversion systems, but this financing bill grants broad powers with insufficient accountability. The bill raises important policy questions concerning public finance and the relationship between government and business. The Legislature has a responsibility to face these issues squarely.

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The bill allows local governments to pledge ~~property tax~~ revenues for payments on solid waste contracts, without first obtaining voter approval. These may be long-term contracts tailored to the length of time it takes to pay off revenue bonds secured by the revenue of the solid waste contractor. Home-rule city charter provisions prohibiting this practice are overruled by this bill. The bill allows the floating of revenue bonds pledged indirectly by tax dollars. This is dubious public policy. The bill should be amended, either to disallow the pledging of tax revenues for payment of solid waste contract, or to require prior voter approval.

The bill does not require competitive bidding on either the construction or sale of solid waste systems. This could be an invitation to corruption. The bill should be amended to require competitive bidding.

The bill places virtually no restrictions on what can be used to secure the revenue bonds. It allows bond payment to be made out of the proceeds of the bond issue. Is this sound management practice? Bond proceeds should go into capital improvements, not interest payments.

sanitary garbage fees will be
The company that ends up running the solid waste processing facility will have its project built with public funding and its contracts secured by tax dollars. There is ~~no~~ only consultation with voters, ~~at any stage in the process~~. Since it all involves public funding, why not keep control of the solid waste resource recovery system itself in the public sector? Why should the people of Texas be asked to ~~give control to a company that is accountable only to its shareholders~~. Is governmental facilitation of such transactions in the public interest?

COMMENTARY:

SB 666 by Schwartz, et al., enacted during this session, amends the Gulf Coast Waste Disposal Authority Act to authorize financing methods similar to some of those in SB 1076.

*to take all the risk so
not a public company
can we use the profit?*